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New Zealand Introduces New Trade Controls For 1962-63

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New trade controls will come into force in New Zealand July 1 and may have considerable effect on the country's trade with the United States. This new policy announced by New Zealand's Minister of Customs in March will take two forms: (1) the introduction of a revised customs tariff; and (2) a new import licensing schedule for the fiscal year 1962-63. New Zealand's tariff, import licensings, and trade schedules will have the same commodity classification, based on the revised Standard International Trade Classification nomenclature. New Zealand, with the exception of some of the West Indies, is believed to be the only country actually employing this procedure.

New Tariff Adopted

Officially legislated in the New Zealand Customs Acts Amendment Act of 1961, the new tariff was passed by the House of Representatives in November 1961, and submitted to the GATT^{1/} Secretariat in Geneva for review in May 1962. In addition to the commodity classification changes, the revised Customs Tariff simplified the method of calculating ad valorem duties by applying the "current domestic value"^{2/} without an additional 10 percent formerly added. The 3 percent prime duty applied to many raw material items and the surtax duty charge also are eliminated. To compensate for these losses in revenue, some rates of duty have been revised upward.

The new tariff provides much greater detail and description of items than earlier schedules. Preferential tariffs will apply, as in the past, to imports from the United Kingdom and other Commonwealth countries with some preferences given to Australia and Canada under provisions of special trade agreements with these two countries. All imports from the United States are subject to most-favored-nation duty treatment (See table I).

Tariff rates on imports of wheat and wheat flour are reduced and the schedule is simplified. Wheat and ordinary wheat flour will be admitted free of duty from all sources, under the new tariff, but this provision will have little practical application to imports in 1962-63, if wheat imports continue to be

^{1/}--General Agreements on Tariff and Trade of which New Zealand is a member.

^{2/}--Fair market value of goods when sold for cash for home consumption in the principal markets of the exporting country.

Table I.--New Zealand tariff rates applied to selected agricultural commodities, 1961-62 and 1962-63

Commodity	Present tariff rates		New tariff rates 1/	
	British : preferential : favored-nation : General : 3%	Most- 3%	British : preferential : favored-nation : General : Free	Most- Free
Cotton, raw				
Fruits				
Canned				
Apricots	2/ 30%	47 1/4%	4/ 32 1/4%	55%
Fruit salad	2/ 25%	47 1/4%	4/ 32 1/4%	55%
Peaches	2/ 30%	47 1/4%	4/ 32 1/4%	55%
Pears	2/ 30%	47 1/4%	4/ 32 1/4%	55%
Pineapple	10%	30%	10%	50%
Dried				
Prunes	3%	3%	Free	Free
Raisins	Free	5/3/4d lb.	Free	3/4d lb.
Fresh				
Lemons	1d lb.	1d lb.	1d lb.	2d lb.
Oranges	Free	1/2d lb.	1d lb.	2d lb.
Grain & grain products				
Barley (feedgrain) 7/ 8/	3%	3%	7/ Free	7/ Free
Corn	3/9/1s 6d per 100 lbs.	10/	1s 6d per 100 lbs.	2s 6d per 100 lbs.
Cornstarch or corn flour	Free	3/4d lb.	2s 6d per 100 lbs.	3s per 100 lbs.
Oats	3/11/2s per 100 lbs.	10/	10/	2s 6d per 100 lbs.
Rice, milled	3%	3%	Free	Free
Sorghum	3/2s per 100 lbs.	10/	10/	Free
Wheat & wheat flour				
Glucose	12/	12/	Free	Free
Nuts	Free	Free	Free	Free
Almonds	3%	3%	Free	Free
Walnuts	2d per lb.	2d per lb.	2d per lb.	2d per lb.
Other	3%	3%	Free	Free

Table I.--New Zealand tariff rates applied to selected agricultural commodities, 1961-62 and 1962-63 (cont'd)

Commodity	Present tariff rates			New tariff rates $\frac{1}{1}$		
	British	Most-	General	British	Most-	General
	preferential :	favoured-nation :		preferential :	favoured-nation :	
Oilseeds						
Soybeans	2s per 100 lbs.	2s per 100 lbs.	2s per 100 lbs.	2s per 100 lbs.	2s per 100 lbs.	2s per 100 lbs.
Linseed $\frac{13}{1}$	3%	3%	3%	Free	Free	Free
Cottonseed	3%	3%	$\frac{7}{1}$ 3%	Free	Free	Free
Peanuts	3%	3%	3%	Free	Free	Free
Rosin	Free	Free	$\frac{7}{1}$ Free	Free	Free	Free
Sausage casings, natural	3d per lb.	3d per lb.	$\frac{3}{1}$ 3d per lb.	3d per lb.	3d per lb.	3d per lb.
Seeds						
Flower	Free	Free	$\frac{7}{1}$ Free	Free	Free	Free
Grass & clover	Free	Free	$\frac{7}{1}$ Free	Free	Free	Free
Vegetable	Free	Free	$\frac{7}{1}$ Free	Free	Free	Free
Tobacco & tobacco products						
Tobacco leaf $\frac{14}{1}$	3s 9d per lb.	3s 9d per lb.	$\frac{15}{1}$ 3s 9d per lb.	$\frac{16}{1}$ 3s 4d per lb.	$\frac{16}{1}$ 3s 4d per lb.	$\frac{16}{1}$ 3s 4d per lb.
Cigarettes						
Exceeding 2.5 lb. per 1,000	18s 6d per lb.	18s 6d per lb.	$\frac{15}{1}$ 18s 6d per lb.	30s 8d per lb.	30s 8d per lb.	31s 8d per lb.
Other per 1,000	45s 6d	45s 6d	$\frac{15}{1}$ 45s 6d	76s	76s	78s 3d
Cigars per lb.	$\frac{15}{1}$ 22s + 10%	24s + 10%	$\frac{15}{1}$ 26s + 10%	23s + $\frac{12\frac{1}{2}}{1}$ 6s per lb.	25s + $\frac{12\frac{1}{2}}{1}$ 6s per lb.	27s + $\frac{12\frac{1}{2}}{1}$ 6s per lb.
Cut tobacco	$\frac{15}{1}$ 14s per lb.	$\frac{10}{1}$	$\frac{15}{1}$ 14s per lb.	23s 9d per lb.	$\frac{10}{1}$	24s 6d per lb.
Turpentine, wood	Free	Free	Free	Free	Free	Free

1/ Effective July 1, 1962. 2/ Rate to Australia 35 percent. 3/ Plus surtax of seven fortieths of duty. 4/ Rate to Australia 37½ percent. 5/ 1d = 1.1666 cents. 6/ No duty in excess of 1d per lb. is levied on lemons imported from Dec. 1 thru May 31. 7/ Or rate set by Minister of Customs. 8/ Brewing barley admitted at 2s per 100 lbs. plus surtax of nine fortieths of duty. 9/ 1s = \$0.14. 10/ No specific most-favored-nation rate indicated. General rate applies. 11/ Rate to Australia 1s 6d. 12/ Basic tariff of 8d per 60 lb. bushel. An adjustment of $\frac{1}{2}$ d or fraction thereof per bushel is made if domestic value of the imported wheat at port of export is above or below 5s per bushel. Basic rate for flour £1-12s (\$4.48) per short ton. Subject to 1s or fractional adjustment if domestic price of imported flour at port of export varies from £13 (\$36.40) per ton valuation, not to exceed a maximum adjustment of £1 5s (\$3.50). 13/ Other than for planting. 14/ Excludes cigar leaf which enters at "free" rate. 15/ Plus surtax of 1/20 of amount of duty. 16/ New GATT negotiated rates.

Reasons for Maintenance of Controls

Because of periodic balance of payments problems, New Zealand has for several years followed a policy of regulating private imports with licensing controls in an effort to offset declines in foreign exchange reserves.

For the calendar year 1961, the deficit in foreign trade transactions was reported at £16.6 million (\$46 million) compared with £27.4 million (\$77 million) in 1960 and in contrast to a surplus of £21.9 million (\$61 million) in 1959. The lowered export receipts in calendar year 1961 have been generally attributed to the decline in prices for butter and wool. These decreased export earnings were partially offset by the curtailment of bank credit and import licensing restrictions invoked for 1960-61, which began to take effect in the last half of 1961.

Most of the foreign exchange deficits in the last 2 years have been in the sterling area, chiefly Australia and the United Kingdom. On the other hand, New Zealand had a surplus balance of payments in the dollar area in 1961 compared with a deficit in 1960. Unfavorable trade balances with dollar areas other than the United States and invisible items in the balance of payments offset the favorable trade balance with the United States in 1960 (See table III).

Significance of New Zealand Controls to U. S. Trade

Over 90 percent of New Zealand's total export trade is agricultural and since 1958, the United States has been the second largest market. The major U. S. imports from New Zealand are wool, meat and other animal products, mainly hides and skins and dairy items (See table III).

United States imports of New Zealand wool during the calendar year 1961 were valued at \$43.2 million compared with \$40.7 million for the same period of 1960. United States imports of meat from New Zealand during 1961 were valued at \$56 million, 15 percent above 1960 values. These two items make up three-quarters of the total value of New Zealand's agricultural exports to the United States and account for a large share of New Zealand's dollar trade.

United States exports to New Zealand are largely confined to industrial products. United States farm commodities, in recent years, have comprised less than 10 percent of the total U. S. exports to New Zealand, valued at about \$75 million in 1960 and \$68 million in 1961.

With the new restrictions effective July 1, the agricultural products listed in table II, selected for potential market interest to the United States, will be either totally embargoed or restricted from the New Zealand market by quotas.

Table III.--U.S. - New Zealand agricultural trade calendar year 1960 and 1961

U. S. Imports from New Zealand

<u>Commodity</u>	<u>1960</u> <u>\$ Million</u>	<u>1961</u> <u>\$ Million</u>
Beef and veal, fresh, chilled & frozen	46.5	52.9
Mutton, goat & lamb, fresh, chilled & frozen	2.0	2.7
Other meat	.2	.3
Wool, raw	40.7	43.2
Hides and skins, raw	13.2	15.6
Casein or lacterene	3.9	3.7
Cheese	1.5	3.8
Sausage casings, sheep, lamb, etc.	2.1	2.3
Apples, fresh	1/	.1
Other agricultural commodities	<u>2.9</u>	<u>1.4</u>
Total agricultural	113.0 2/	126.0 2/
Non-agricultural	<u>3.9</u>	<u>4.7</u>
Total trade	116.9 2/	130.7 2/

U. S. Exports to New Zealand

<u>Commodity</u>	<u>1960</u> <u>\$ Million</u>	<u>1961</u> <u>\$ Million</u>
Sausage casings, hog	.5	1.0
Oranges, fresh	.3	.1
Prunes, dried	.3	.3
Raisins	.4	.4
Other fruits and preparations	.4	.2
Vegetable oils and fats	.1	.1
Seeds, field and garden	.1	.1
Tobacco, unmanufactured	4.1	5.0
Rice, milled	.1	.1
Other agricultural commodities	<u>.4</u>	<u>.4</u>
Total agricultural	6.7	7.7
Non-agricultural	<u>67.8</u>	<u>60.6</u>
Total trade	74.5	68.3

1/ Less than \$100,000.

2/ U. S. census totals adjusted for transshipment of Western Samoa cacao through New Zealand.

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Official Business

The only apparent relaxations in 1962-63 compared with last year are in imports of canned pineapple, rice, and raw cotton. United States exports of milled rice to New Zealand are a relatively new development beginning with small shipments in 1959 which increased in value to \$134,000 in 1961. It is unlikely that any imports of raw cotton will be made in this period, because New Zealand's immediate plans for a cotton textile mill have been abandoned.

